sealift

MAGAZINE OF THE MILITARY SEALIFT COMMAND
JANUARY 1975

What lies ahead for the U.S. Merchant Marine?

Hail

After reading orders naming him ninth commander of Military Sealift Command, Rear Adm. Sam H. Moore, (right) receives traditional honors including a 13-gun salute. At left is Capt. Henry E. Phelps, master of ceremonies.

And Farewell

Rear Adm. John D. Chase, (left) outgoing commander of MSC, receives honors from the Color Guard. In background is Rear Adm. Arthur G. Esch, commandant of Naval District Washington. At right is Lt. John F. Howard, MSC flag aide.

COVER: This month's cover illustrates the question we asked government, labor and maritime leaders. Their opinions begin on page 6. Photo of First Officer Ed Burns of the USNS Kane is by Russ Egnor. Cover designed by Howard Rosenberg.

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Features:

Page 4
What's it all about?
Reasons behind a special issue on the future of the U.S. Merchant Marine.

Page 6
Government, Management and Labor Views.
A wrap-up of how the government views the maritime industry and how the industry views itself.

Page 24
What about the Soviets?
U.S. editor of *Jane's Fighting Ships* examines the state of the Soviet fleets.

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What it is all about

In this issue of Sealift, those of us who are responsible for its publication have tried something different. Heeding the advice of the unknown pundit who advocated going "to the horse's mouth" for the straight dope, we asked a number of successful and influential people in matters maritime to give us the benefit of their experiences, and to share their views.

We did so, not because we are trying to be more imaginative or novel in our editorship of Sealift, but because we take seriously our responsibility to provide useful information to all MSC employees — and to others who read this command publication. There are probably no greater critics of the maritime industry than those who are a part of that institution. Over recent years, the popular approach of the writers or officials dealing with maritime subjects has been that of the alarmist. Pointing to the obvious long-term decline in merchant ship numbers, of U.S. carriage of its own foreign trade, and a shrinking seagoing work force, the maritime analysts often delivered a prognosis that seemed to condition us for the imminent death of the nation's merchant fleet.

But, as Mark Twain put it when advised that his demise had been reported in the newspapers, the many accounts of the death of the U.S. Merchant Marine "appear to have been somewhat exaggerated."

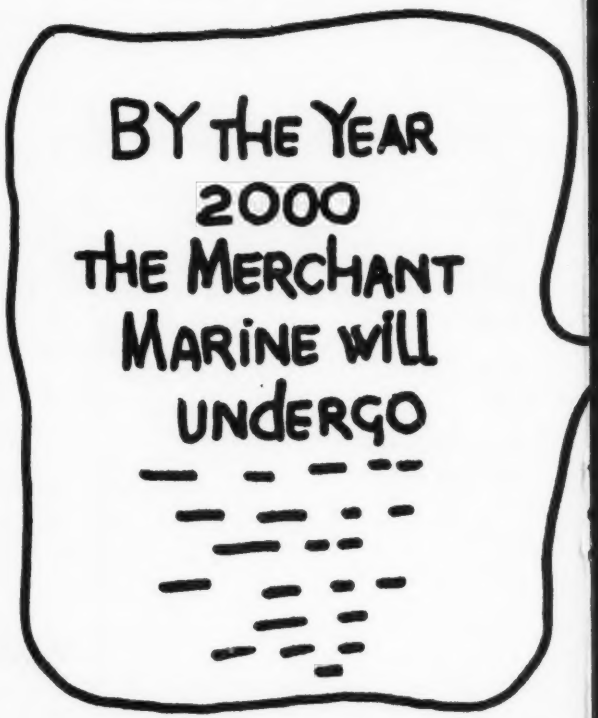
As this nation approaches its 200th anniversary, the maritime industry is undergoing a renaissance. Legislation has been passed, and other important maritime bills are being considered in Congress. New types of ships are both in the water and on the shipyard ways. Some $7.5 billion has already been invested in intermodal carriers and support systems, and billions of additional dollars will be spent to improve deep water ports, to build offshore terminals for giant tankers, and to modernize communications and data-collection-and-analysis systems controlling ships and the cargo they carry. What will the future bring? That was the theme of the letter which Rear Adm. John D. Chase sent to the maritime leaders seeking articles to appear in this issue of Sealift.

Obviously, space limited the scope of the answers they provided. So did the questions we posed. For instance, we asked what forces they saw which would have impact on the merchant marine — and what changes in technology, operations or policy these factors would bring between now and the year 2000.

A second question concerned the impact these changes might have on the organizations they represent. We also sought their views on what should be done to improve the long-term growth and current stability of the merchant marine.

Recognizing that all of those points could not be covered in the few hundred words we allotted them, we suggested they concentrate on one or two areas which they considered most important.

The response has been good and we think the viewpoints they express are interesting — and worthwhile. One might well ask why a military organization such as Military Sealift Command is that interested in the opinions of maritime and



federal officials — but the answer is obvious.

About 90 per cent of military peacetime cargo moves on commercial ships — operated by commercial companies. In a contingency, the military services would depend, as they have in the past, upon merchant ships to help deploy and sustain Defense forces.

It has always been thus, and there is "no chance" that the Defense Department ever will seek its own organic sealift force. Cost would be prohibitive, for one reason. Another is the fact that public law which establishes federal maritime policy requires existence of a merchant marine able to augment and serve the combatant Navy in time of war. That's why the merchant marine often is referred to as the Fourth Arm of Defense. That's why we who work for Military Sealift Command have a great respect for the capability of our merchant fleet operators, and why we strive to both understand and help solve their problems — which are our problems too — in every way that we can.

This is not to suggest that the editors of this publication, MSC, or Navy officials share or endorse all views of those whose articles appear in this issue of Sealift. Neither are we ready to take sides and say that any particular articles are more far-seeing or valid than the others.

What we would like to point out is that none of us who wrestle with maritime problems have a headlock on "truth." We are not as infallible as Sgt. Joe Friday who never failed to solve a case in the days when Dragnet was riding high atop the TV ratings. "Just the facts, Ma'am." That's all he sought. Armed with the facts it was easy to solve the cases assigned him by his script writers.

Unfortunately, even though equipped with two wondrous devices — the human brain and the electronic computer — man finds the search for "facts" or "truth" a thousand times more difficult than catching a greased pig.

For one thing, man — rational and logical though he may be — is a selective animal. Information in his mental inventory is gathered from what he sees, hears, feels or touches — all that he experiences. And, like the computer which only handles information which is put into it, his opinions and actions are a product only of that information he has available.

All that we achieve — even our failures — are made possible only through our interaction with other people. Individuals though we may be, we are born, live, succeed or fail only because of group participation.

That's why we think that this issue of Sealift serves a useful purpose. It allows the leaders of the industry, which we in the Defense Department rely upon to help us perform our transportation responsibilities, to tell us what they think, to give us their views as to the future of sea transportation, and to recommend some courses of action which can be mutually profitable. We profit by being exposed to a wide variety of viewpoints.

Larry C. Manning
MSC Legislative and Public Affairs Officer

The Government Outlook

Work together

By Leonor K. Sullivan
Chairman, House Committee on Merchant Marine and Fisheries

I am convinced that the last quarter of this century can be one of enormous challenge for the U.S. Merchant Marine, not only in competing for and capturing an increased share of our commercial cargo, but in reaching its full potential as the fourth arm of this nation's defense. It is my view that all those with responsibility for assuring the growth and stability of our maritime capability should continue to search for ways of achieving greater integration of our naval and merchant fleets.

Studies by the Navy Department and the Maritime Administration have indicated significant cost advantages in replacing Navy ships with civilian operated merchant ships for selected missions. For example, higher productivity on an individual ship basis can be obtained from merchant operated vessels and manning scales for commercial vessels are generally lower than on Navy vessels. In addition, the cost to the government of training civilian crews is less than the cost of training Navy crews. Furthermore, at a time of lower uniformed manpower levels in the Navy and higher wages and fringe benefits for volunteers, it would appear that our defense requirements can best be met by concentrating these individuals in areas which can not be competently performed by civilians.

The SS Erna Elizabeth is an excellent illustration of the principle that merchant ships and crews can successfully perform replenishment missions, normally considered an exclusive, Navy-ship function.

During the last two or three years, the Military Sealift Command has moved toward greater use of commercial ships, and I think this is a trend which should be encouraged. Admittedly, there will always be certain types of missions and explorations which commercial ships will be unable to perform. On the other hand, the nucleus fleet of the Military Sealift Command should be tailored to perform those special functions and not to preempt the vital role which the merchant fleet is capable of playing in the defense of this nation. I hope that, in modernizing its fleet, MSC will recognize all of the merits inherent in greater reliance on the private maritime sector.

When I became chairman of the Committee on Merchant Marine and Fisheries two years ago, I asked whether we could make what is best for the merchant marine best for the country. In view of the savings which can accrue and the other national interests which can be served from a closer interfacing of our commercial and naval fleets, I think that this is an area which holds great promise for promoting the U.S.-flag merchant fleet in a way which will rebound to the benefit of the American people.

Trade increases, dependency drops

By Robert J. Blackwell
Assistant Secretary for Maritime Affairs
U.S. Dept. of Commerce

I have been asked to look ahead over the next 25 years and project the probable status of the American merchant marine by the year 2000.

This is a rather speculative task because there are many intangible forces, on both the domestic and international fronts, which could affect our fleet's development. Despite the uncertainties, I believe there are a number of factors which point to the progressive development of a larger, stronger and more competitive American flag fleet over the next 25 years.

Until the enactment of the 1970 Merchant Marine Act, there were only two periods in this century in which concerted efforts were made under government auspices to rehabilitate the American merchant marine. These were the crash shipbuilding programs of World Wars I and II. Unfortunately, when peace returned, the high priorities assigned to the merchant marine quickly dissipated. Within two decades after each of these conflicts our fleet was again afflicted with bloc obsolescence problems.

The 1970 Act is significant in that the policy and program to upgrade our merchant fleet were not instituted by a wartime situation. This law provides

Crewmen position hoses aboard SS Erna Elizabeth in preparation for refueling of a U.S. carrier in tests to evaluate ability of merchant tankers to provide emergency underway replenishment to fleet units.

long overdue recognition that a strong American flag fleet is essential to the nation's peacetime aspirations as well as its wartime requirements.

In this connection, it should be noted that U.S. foreign trade is projected to increase by a factor of four by the year 2000. As a result of a restructuring of federal maritime policies and industry attitudes under the 1970 Act, I believe our fleet will be in a good position to capitalize on this trade growth.

For one thing, our shipping and shipbuilding industries today are far less dependent upon federal operating and construction subsidies than they were just four years ago. This is demonstrated by the fact that our general cargo lines in the North Atlantic trades are competing against their foreign counterparts without operating subsidies. In addition, all of the very large tankers and liquefied natural gas ships now under construction also will compete without operating subsidies.

Similarly, American shipyards during the past four years have demonstrated that they can build highly productive ships with subsidy rates well below the level that prevailed prior to the 1970 Act. Indeed, five liquefied natural gas ships are being built for foreign trade without any construction subsidies.

Looking ahead, I am confident that further progress will be made toward our goal of making both the American shipping and shipbuilding industries fully cost competitive with their foreign counterparts. In fact, it is not inconceivable that this goal will be reached well before the year 2000.

Our projection indicates that the deep sea fleet serving our foreign and domestic ocean trades will probably exceed 800 ships by the turn of the century as compared to the 550 presently in service. This increase is predicated on average annual deliveries of 25 to 30 ships per year. Concurrently, it is assumed that tankers and breakbulk ships will be removed from service when they attain 30 years of age and container ships 25 years after construction or 15 years after reconstruction.

The envisioned levels of new construction because of their sustained nature would eliminate the bloc obsolescence problems that emanated from the crash shipbuilding programs of World Wars I and II. Further, if as anticipated, American shipyards become fully cost competitive, it can be assumed that they will build for export as well as for the domestic market.

The new generations of vessels to be added to our fleet during the next quarter of a century can be expected to incorporate further technological advancements that emerge in the years ahead. For example, we believe nuclear powered ships will be commonplace by 2000.

In summary, we believe that the 1970 Act has provided the American shipping and shipbuilding industries with a firm foundation to improve their productivity and competitiveness and reduce their dependence upon federal assistance. If the progress made during the past four years is sustained, I have no doubt that the United States will regain its preeminence as a maritime power.

—Necessity breeds innovation—

By Robert A. Carl

Special Assistant for Transportation
Office of the Assistant Secretary
of the Navy, I. and L.

In order to project the changes that may occur, and their impact on the United States Merchant Marine through the year 2000, one would have to have the abilities of Nostradamus and Leonardo da Vinci combined. But the conjecture is both

interesting and worthwhile in view of today's rapidly moving events.

Certainly affecting the U.S. Merchant Marine will be the mounting fuel crises, the development of new nations and their shift toward industrialization, and our own increasing dependence on import of raw materials.

Necessity will indeed force the U.S. Merchant Marine into new power sources, including nuclear propulsion and perhaps a return to a modified form of coal burning engines. I project the container ship will continue its development and that some day containers will be owned by a central pool much like the Pullman Corp. owned sleeping cars. Additionally, I believe that the few remaining breakbulk ships should and will be pooled for leasing to specific companies upon need. I am certain that we shall also see increased construction of huge bulk carriers.

I am convinced we will also see the return to intercoastal and coastwise shipping here in the United States, particularly in view of the more crowded highways and the cost of fuel for trucks on long hauls. We will see the utilization of more efficient and a lesser number of ports and at the same time a greater use of our inland waterways.

In the government, we will see our transportation regulatory agencies merged into one agency. Within the Defense Department, there will eventually be a total transportation organization which will combine and use all the modes of transportation in a much more efficient manner than we now think possible.

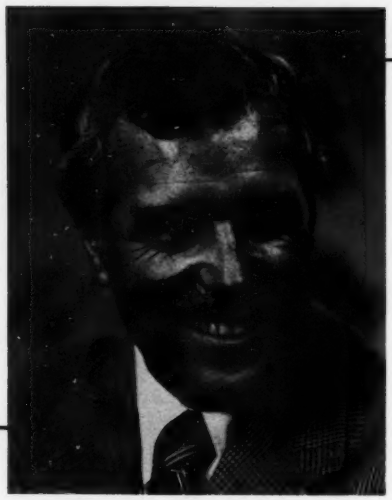
The future of transportation holds much promise if government, industry, labor and Congress move together in the same direction for the betterment of our total transportation system. I believe they will move in this direction in the ensuing years and this could be the biggest accomplishment in transportation as we near the year 2000.

This would mean that self interests would give way to insuring that we use the most economical and efficient mode of transportation to meet our total needs, in both the civilian and military fields. Duplication and overlapping would be eliminated so that air, rail, highway and ocean transportation systems would truly complement each other, rather than compete.

There is little use in increasing speeds of our ships unless our ports and inland systems can, on a parallel basis, be developed to complement this increased efficiency. I am enough of an optimist to believe this can and will happen, providing we learn to use the tools already at our disposal.

It is my hope that the United States will not take second place to any nation on the seas of the world.

Maritime Management



Equalize cross-trade rates

By Paul F. Richardson
President, Sea-Land Service, Inc.

It is my firm belief that the U.S. Merchant Marine in the past several years has discovered a unanimity of purpose which, to my knowledge, has never existed before. Given continued unanimity, America's merchant marine would continue to be a strong, viable force were it not for external factors which in future years could not only prove inimical to it, but even disastrous.

Specifically, I refer to growing encroachment of non-national cross-traders on the trade lanes of the United States and her trading partners. Such encroachment, accompanied as it is by less-than-compensatory rates charged by these non-nationals, will eventually undermine the capability of American-flag carriers to compete for cargo on their own legitimate trade lanes. And this inability to compete, in my estimation, will result in attrition of our merchant marine strength which in peacetime will reduce us to second-rate status and in wartime put our shipping capability at the mercy of those who could be either friend or foe.

World War II, of course, is proof that we can rise to the occasion, but I seriously doubt that any future global conflict will provide us with the luxury of sufficient time to duplicate our merchant marine successes of that war.

The problem, as I see it, is twofold. First, the United States alone among trading nations permits unlimited access to its foreign commerce. It has no legislation to control unlimited non-national cross-trading on our own trade routes — the "dumping" of excess ship capacity on our shores. Secondly, it is no secret that the avowed intention of certain of these non-national cross traders is political gain, and that the greatest threat stems from socialist nations seeking world maritime leadership. Pravda, the Soviet Communist Party newspaper, on Nov. 4, 1974, stated, ". . . Moscow is as much interested in the political profit (of its merchant navy operations) as it is in shipping revenues."

I believe it is incumbent upon the U.S. Congress to implement legislation which would require non-national cross traders to charge rates no lower than the lowest charged by a national flag carrier, unless the non-national line could prove that its proposed lower rates were compensatory on the basis of covering their fully distributed costs as would national carriers on a commercial basis.

Such a bill now exists. Senate Bill 2576 is designed to afford the U.S. Merchant Marine, as well as the merchant fleets of the nations with whom we trade, a fair chance to compete for cargo. It in no way is designed to restrict freedom of the seas, a principle to which we are all committed.

Consequently, it is my firm belief that the single most important action to be taken in the immediate future is passage of Senate Bill 2576. I believe it is the first step in what may ultimately be a series of actions that will not only improve the long-term stability and growth of the U.S. Merchant Marine, but will insure its very survival.

Without such guarantees, risk capital so necessary for building and maintenance of a national flag merchant fleet could no longer be generated by private investment. We would be forced to rely on the merchant fleets of other nations to fulfill our international transport needs. This end result, of course, is unthinkable, particularly in times of international conflict.

Efficient and stable

By Robert E. O'Brien
President, Moore-McCormack Lines, Inc.

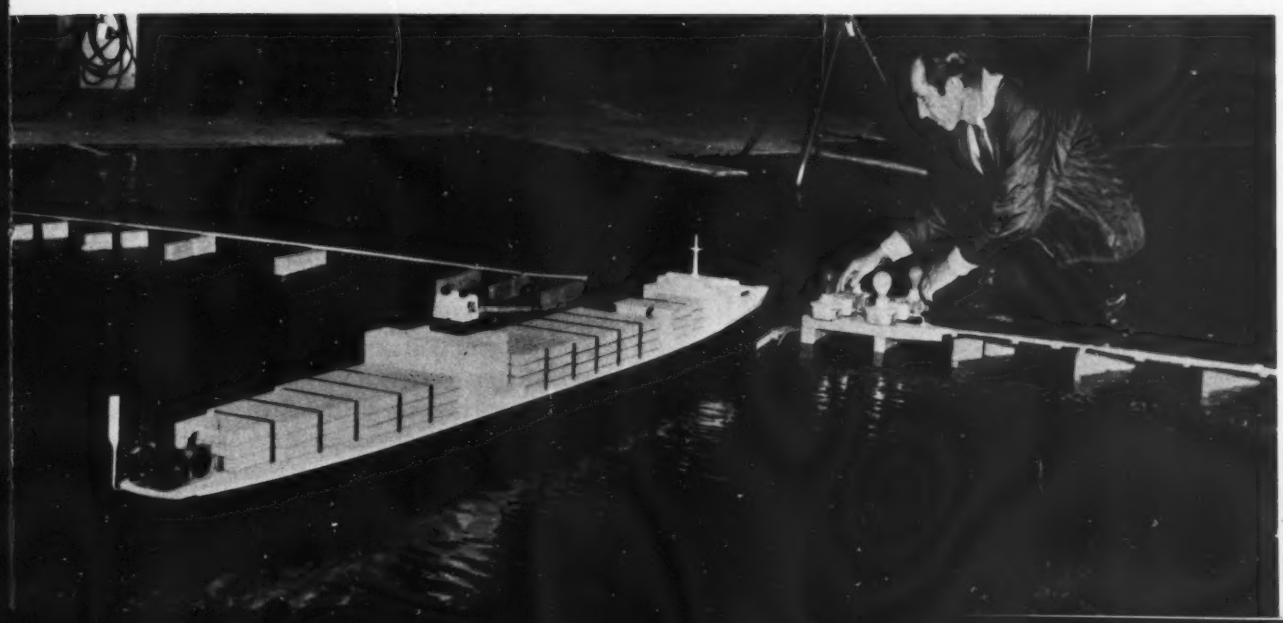
Moore-McCormack Lines sees the outlook for the last quarter of the 20th century as excellent for a continued resurgence of the U.S.-flag merchant marine. Our view is underscored by forces now in motion which have not yet been accorded the public recognition they merit.

A basic underlying factor is the Merchant Marine Act of 1970 which extensively broadened the scope and application of the 1936 Act. Particularly significant have been those provisions of more recent legislation which have stimulated construction and operation of new and improved vessels for many different types of maritime activity. This already is evident in more efficient U.S.-flag carrying capacity afloat — which has enhanced our national maritime prowess.

This renewed vigor has been fortified by progress evident through the formation and activities of the National Maritime Council (NMC). Here, government, management and labor have been working jointly and effectively to attract the conscious patronage of the American shipper to American vessels which is so necessary to the maintenance of industry's competitive position in international trade.

The most recent heartening development stemming from the mutual efforts of NMC members has been a dramatic improvement in stability and dependability of service required to assure active patronage in the interest of achieving a rate of return on investment which could increase the potential for dependable maritime employment in future years. Moreover, maritime labor and management have been able to negotiate major settlements without hindrance to stability of operations.

Strengthened by this rising sense of common interest, those involved in maritime operations are able to take greater advantage of the many supportive activities of the U.S. Government which serve to stimulate increased efficiency. An excellent



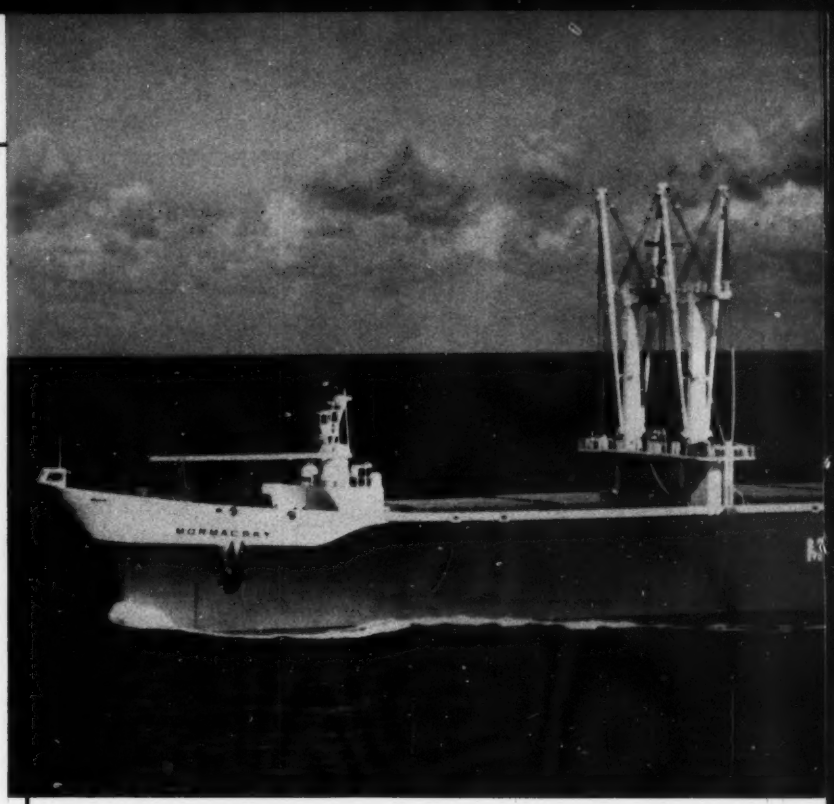
At an Army station in Vicksburg, Miss., a pilot practices navigation techniques with a 9-foot scale model of Sea-Land's SL-7 container ship. The vessels are the fastest container ships in the U.S. flag inventory.

example is the Maritime Administration's Shipping Operations Information System which will help fund vessel operators' efforts in using electronic data processing and other techniques to develop new methods of accumulating and analyzing information for all aspects of maritime activity. Such systems can promote greater efficiency by offering an improved data base for decision making.

Another major trend has been the work of the Federal Maritime Commission (FMC) with regulatory agencies of other governments to assure that equitable maritime policies will prevail. Particularly important for the growth of healthy maritime activity has been FMC approval of planning agreements between U.S.-flag and foreign carriers designed to evaluate needs for specific types of carrying capacity and port facilities in a certain trade area.

Findings of such endeavors can serve as benchmarks for the kind of expansion which will assure that maritime operators can satisfy changing shipper requirements and thus facilitate a healthy flow of international commerce in an efficient manner.

Finally, there is a touch of pleasant irony for those familiar with past periods when the U.S. Merchant Marine felt beseiged by a predominance of foreign-flag activity on the seas. The improved efficiency and stability which continues to characterize our maritime activities have attracted a great deal of positive interest from foreign shippers. This, perhaps, could be the most telling confirmation that the U.S. Merchant Marine is, indeed, an increasingly vital force.



Produce and profit

By R. J. Pfeiffer
President, Matson Navigation Co.

During the past 15 years, our maritime industry has undergone changes more dynamic in scope than at any time in history. We have developed the most modern and efficient cargo-handling vessels in the world and designed equally significant revolutionary systems for shoreside cargo handling. In short, vessels now are fully integrated with trucking, rail and air modes.

What then can be said of the challenges ahead of us into the 1980s? What improvements are left for us to devise? Simply stated, we have a long way to go in perfecting the system we now employ, and we must find even better systems than containerization, LASH (and its counterparts) and roll-on, roll-off ships.

Moore-McCormack's SS Mormacsky is a 25-knot roll-on, roll-off container ship, one of the modern specialized vessels replacing older breakbulk ships.

Close attention to simple business basics, not just in the maritime business, is essential. How well we succeed or fail is measured by profit. Without profit, a company becomes anemic, weak and eventually disappears. Today, there are grim reminders, evidenced by the gap in our industry left by great steamship companies that failed to heed the commandment of profitability.

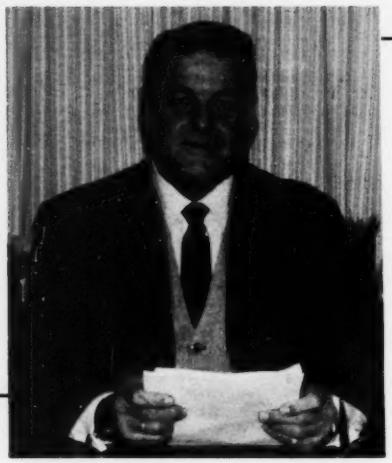
It is all too easy for us in this capital-intensive business, where vessels and equipment (containers and barges) cost in the tens of millions of dollars and shoreside facilities still more millions, to stop thinking in terms of dollars and cents. We lack ability today to monitor and measure costs on a daily basis as competently as does a fixed-plant, manufacturing industry. The key to profitability is effective cost control. No matter how difficult it is to develop a system to monitor and measure costs, its design is essential and inevitable. Gone are the days when vessels had a great deal of flexibility and could be shuttled from trade route to trade route.

Today, cost of a modern cargo liner requires it be maximized in throughput, and that means fast turning of the vessel. Equally as important is optimum use of the containers, barges, trailers and shoreside cargo-handling equipment, plus coordination of the entire intermodal process. Today we deal with the entire system, not merely a vessel.

Containerization is truly a teenager. The greatest savings occurred following its birth and during adolescence. In future years, inflated capital costs and accompanying debt service for vessels will demand a high degree of excellence in controlling and managing a system still relatively new. Management will be required to have a thorough knowledge of the entire system. This knowledge and system control will present problems far more complex and on a larger scale than ever before encountered in our industry. Thus, the maritime industry today is similar to a complex production line composed of many functions with the efficiency of each function a measure of cost. The success of the whole is its profitability.

Systems of control, techniques for optimization of equipment, and specific cost data reported on a highly frequent basis must constantly be used. Management mistakes, because of the size of capital employed, no longer can be ignored. In short, the challenge for us is to sustain excellence in management in an industry that has led the world in ingenuity from clipper ships to container vessels, LASH vessels, ro-ro vessels, and the like. I firmly believe that we shall prevail in meeting the challenge ahead.

Self-reliance and self-sufficiency



By John P. Coakley
President, United
Tanker Corp.

To predict what the next 25 years will bring to the U.S. tanker industry can only be done with a great deal of temerity. There would appear to be, however, some observable phenomena, which probably will have a profound effect upon the industry, indeed upon the entire U.S. Merchant Marine.

In the early years, our nation was an island in vast, largely uncharted seas of water and wilderness. The economic and national security necessity for ships to conduct trade with the more advanced nations was quite apparent to the citizenry clustered along the coast. As our nation advanced inland, bridged the continent, and became more self-sufficient, the need for economic viability of a strong merchant marine became less apparent. A decay in the U.S. Merchant Marine set in, a decay arrested for a brief time during and following World War II. But, it is a statistical fact that the U.S. Merchant Marine is small compared to our national production capability.

The United States now appears to be moving rapidly toward becoming an island nation again, surrounded by uncharted seas of national sovereignties and economic interdependence. The nation is no longer self-sufficient in energy and basic raw materials. Indeed, an increasing portion of manufactured products in this country is imported.

In such an environment it is not surprising that sovereign nations controlling petroleum, bauxite or other resources attempt to influence our internal affairs and foreign policy through the leverage inherent in withholding or abnormal pricing of such resources, as we have recently witnessed. It is also not surprising that there has been an outcry by U.S. citizens and industry for renewed self-sufficiency in these critical areas.

Balance in the nation's approach to these problems appears desirable. The extent to which governmental policy achieves such a balance may have a profound effect upon the U.S. tanker industry. Self-sufficiency in its purest form would mean no imports of petroleum, chemicals, bauxite, etc.; probable loss of influence in much of the Third World which supplies those resources; weakening of national security through more rapid attrition of domestic reserves of such resources, and substantial elimination of U.S.-flag tanker fleet.

Self-reliance, on the other hand, would provide a capability for self-sufficiency in the event of national emergency by providing economic incentives for the development and controlled use of such domestic resources -- but would continue an importation program. Such an approach would retain a basis for influencing the Third World; would strengthen national security by assuring a self-sufficiency capability and by preserving domestic resources and by providing an environment stimulating to development of a U.S. tanker fleet, a resource to be preserved as much as any.

Continuation of an importation program does not assure a U.S. tanker fleet. Because of the high standard of living in the United States, our tankers are more costly to build and operate than foreign flag tankers. Again, a balanced governmental policy appears desirable. Complete reliance upon subsidies to "bridge" the cost gaps between U.S. and foreign tankers is undesirable because such a "bridging" is never really achieved; because types and sizes of vessels tend to be the result of administrative fiat rather than innovative competition in the economic arena; because governmental administration is expensive, and because financing can be more difficult since subsidies are a function of congressional appropriations.

Reserving a portion of the import and export cargo for U.S. ships provides a sound economic base and eliminates many problems inherent in subsidies. There may be certain types of ships or trades that should be maintained by the U.S. fleet but adequate incentives can not be provided through cargo preference. In these instances, the national interest is well served by the subsidy program. The Merchant

An oil-bulk-ore carrier for Aries Marine Shipping Co. under construction in 1972

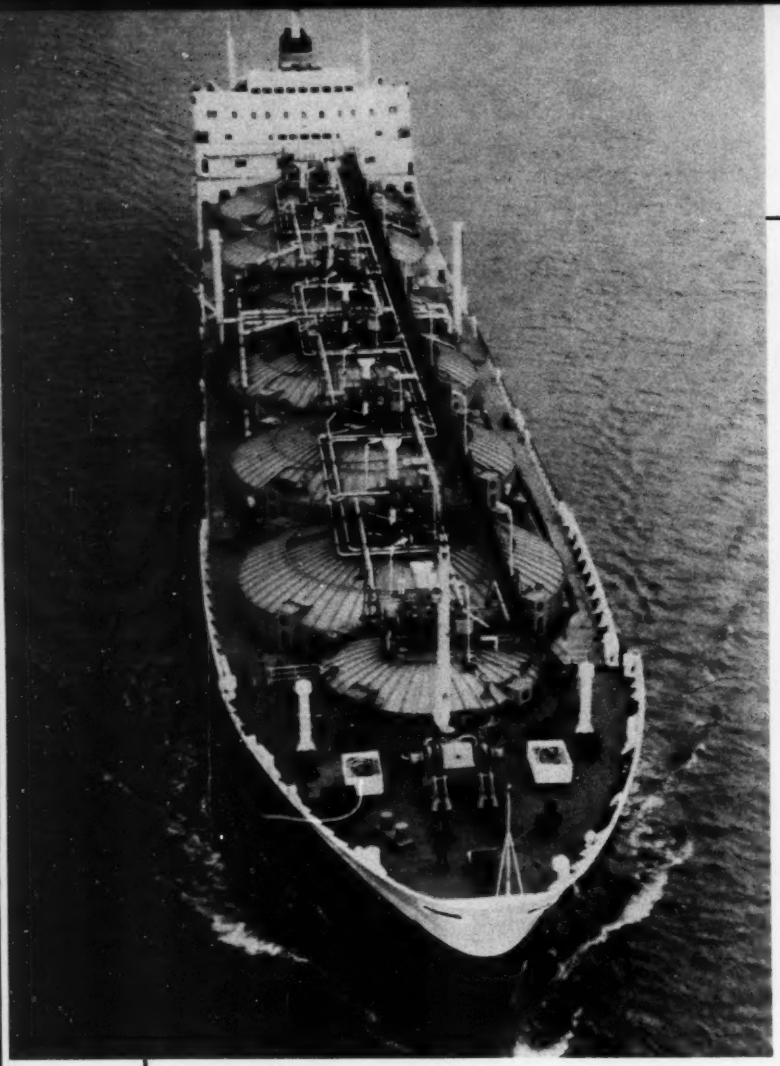
Marine Act of 1970, together with a Title XI Ship Mortgage Insurance, was a decided improvement.

Governmental policies in respect of deep water ports, pollution control devices, ship size, nuclear propulsion, etc. will obviously have a profound effect upon the direction U.S. tankers take in the next 25 years.

Governmental policies, both national and local, will have a significant effect upon technology in the U.S. tanker industry. Given the proper economic incentive, it is probable that conventional tankers, multi-purpose ships — such as oil-bulk carriers and special purpose carriers for chemical products, liquefied natural gas and liquefied petroleum gas — and carriers of basic raw materials in either a molten or slurry form will become more common.

As tankers become larger and more sophisticated, capital requirements become mind-boggling. Governmental policies during the next 25 years will probably shape the sources and methods of raising capital. Investor consortiums, encouraged by U.S. income tax laws, are presently the primary source of maritime capital. Additional encouragement to form consortiums to spread the risks, including greater flexibility in the use of foreign capital, is not improbable. A preponderance of long-term agreements with end-users of transportation as opposed to "spot" chartering is likely. An increase in companies specializing in operation of tankers for investor consortiums is probable.

It would appear that the most pervasive influence on the U.S. tanker industry during the next 25 years will be governmental policies. Hopefully, these policies will encourage development of a multi-purpose, privately-owned tanker fleet while avoiding undue governmental administrative overhead. We should have learned from past experience that we can not rely upon so-called "friendly flags" in time of emergency. We should, instead, have a well balanced fleet, owned and operated under the U.S. flag.



Liquefied natural gas carriers (LNGs) are being built in greater numbers.

Building bigger and better

By Morris Feder
Senior Vice President, Overseas Shipholding Group, Inc.

The U.S. maritime industry has experienced dramatic changes during the first half of the 1970s, generally tending toward expanded business opportunities for American flag operators and accelerated modernization of the merchant fleet.

A key factor in the improvement was the passage of the Merchant Marine Act of 1970 which for the first time extended construction and operating subsidies to bulk vessels. Success of the program in expanding ship order backlogs is indicated by comparing existing contract amounts with those of only a few years ago.

U.S. shipyards on Oct. 1, 1974 had under construction or on order 90 vessels with a total capacity of 7.7 million deadweight tons (DWT) valued at $4.1 billion. This compares with the backlog on Jan. 1, 1972 of 53 vessels with a capacity of 1.8 million DWT valued at only $0.9 billion. The order surge has been concentrated in large tankers in excess of 200,000 DWT, in medium-size 90,000 DWT tankers, in 38,000 DWT product carriers and in large liquefied natural gas tankers. A successful element of the program has been its ability to plan for series production of the main vessel types.

A second signal development of recent years was the U.S.—USSR maritime agreement of 1972 which called for a cargo sharing arrangement on commercial trade between the two countries, while taking into account the interests of other national fleets. While the initial impact of this agreement was in the carriage of close to 20 million tons of grain to the Soviet Union, benefits now are spreading to a wide range of trades involving a broad spectrum of vessel classes.

This type of bilateral shipping arrangement also characterizes a number of U.S. liner trade routes and is expected to become a more notable feature of the international maritime industry in the future. In this light, we also may take note of the growing tendency to reserve cargoes for national flag fleets, especially in the area of oil and gas transportation.

The opening of the northern Alaskan oil fields, anticipated for 1977, will provide the third major impetus for American bulk transportation in the 1970s. Initially, the Alaskan oil pipeline will be moving 1.2 million barrels per day, but its planned capacity of 2 million barrels will call for the use of a minimum of 4 million DWT of large and efficient U.S. flag tankers. Furthermore, it is fully anticipated that the initial success of the trans-Alaska pipeline will trigger additional exploration and development of Alaska's enormous oil and gas resources, resulting in the installation of other pipeline systems tied to tanker transportation.

At Overseas Shipbuilding Group, Inc. (OSG), we have closely followed these developments and are planning for future expansion. Already on order for delivery in 1977 and 1978 are six 89,700 DWT tankers. These vessels, designed for the Alaska trade, will be constructed without subsidy. By the time of the last delivery, OSG's American-flag tanker fleet will exceed 1.2 million DWT.

The U.S. maritime industry continues to face many challenges. Based on the progress made in the past five years and more still to come, we remain confident about the future of our industry and its contribution to the nation.

Adjust your sails

By Erik F. Johnsen
President, Central Gulf Lines, Inc.

Today, international trade in general is fraught with all manner of external forces. Chief among them are the energy crisis, food shortages, the inflationary spiral and a new and more demanding nationalistic approach by the developing nations.

All of these points are somewhat interrelated, one in effect feeding on the other and all culminating in major problems that require major solutions. And their impact on the U.S. Merchant Marine is significant. Unfortunately, there are no surefire answers to these problems. However, there are actions that have been and can be taken that will stabilize conditions, and if not better the situation, certainly not worsen it.

We in the maritime industry must look for new types of propulsion units between now and the year 2000. Nuclear power, although expensive, is one of the answers at this moment. But, it may not be the final or best answer. There are advocates of other power sources, not the least of which is a return to partial sail — letting the elements combine with today's design genius to help propel huge vessels at satisfactory speeds. This may sound far-fetched, but so did Edison's desire to light homes by means of electricity.

We in the United States have to answer this basic question: Can we continue to be the breadbasket for the world? Traditionally, the "have" nations have helped supply the "have nots" with food. But from a maritime viewpoint, the fact is that the U.S. Merchant Marine is actually under-equipped to provide the transportation means for the growing quantities of export grains and foods. The answer appears to lie in U.S. operators building and operating a better mix of liner type vessels with more bulk carriers.

The Merchant Marine Act of 1970 has given badly needed impetus to the growth of our bulk carrier fleet. There have been many new units ordered, and apparently there will be more. What we have, in effect, is a two-way street, because the United States requires greater and greater quantities of raw materials. These new bulk carriers can serve as the interface for exporting foodstuffs and for importing raw materials, all in all a satisfactory temporary solution to a continuing problem that grows more acute year by year.

The developing nations are most definitely trending toward greater nationalism in all their policies, not the least of which are the various maritime policies. At the recent United Nations shipping group meetings in Europe and Latin America, a formula was approved that would make 40 per cent of the trade bilateral and allot 20 per cent to third-flag nations. The United States opposed this arrangement at the time and has continued to oppose it.

I believe very strongly that we should continue to oppose such a policy formula, because I see it as political interference that restricts trade and is consequently detrimental to our maritime position. We must do all possible to continue our unrestricted trade policies.

The U.S. Merchant Marine has sailed through troubled waters many, many times. We've weathered every storm and emerged stronger than before. Today, for instance, I believe that our merchant marine is beginning to once again attain its proper position and place among the maritime leaders of the world.

Like we at Central Gulf, I'm sure our marine operators will continue to adjust their sails as we go along.

Modernize!

By Esteban Davila-Diaz
Executive Director, Puerto Rico Maritime Shipping Authority

It is obvious that only through modernization and the use of the most advanced technology will the U.S. Merchant Marine achieve the levels of productivity and efficiency that will enable it to successfully compete in the maritime world within the next 25 years.

Such modernization, the key to a more efficient operation in the years to come, should be enhanced by a more intensive use of intermodalism, which will assure more flexibility in cargo handling and guarantee shippers as well as consignees a better service.

I visualize the incorporation of new technology, including the use of nuclear vessels before the end of the century. The use of such advanced equipment will combat the shortage of fuel resources, and provoke the use of more efficient propulsion plants by the year 2000.

This combination of technological advancement and a better labor environment will provide additional stability in the U.S. Merchant Marine.

SS United States passes the Manhattan skyline on her way to Europe. Awarded the Blue Ribbon for the fastest transatlantic crossing, she is now laid up at Norfolk due to lack of funds.

I also feel the continuity of service concept, as adopted by the National Maritime Council composed of leaders from labor, management and government sectors, is a sensible and positive solution to labor management problems.

This concept is of the utmost importance, particularly in the next quarter of a century, when the entire world will be facing the hard realities of shortages of materials and fuels, hunger, nationalistic barriers, and other economic strains that we are now beginning to experience.

Furthermore, as the executive director of the third largest integrated container fleet under the U.S. flag, I feel legislation concerning the U.S. Merchant Marine should be kept under constant scrutiny with the view of updating same to eliminate obsolescence and lack of practicability in the face of modern problems and those it will have to deal with in the future.

Special attention should be given to the subject of U.S. coastwise and non-contiguous area shipping, as it is evident that a revision of these regulations could bring additional strength to regions within the American system, such as Puerto Rico, Hawaii, and Alaska, which now share no benefits from possible subsidies that could be used for vital fleet modernization.

The Government of the Commonwealth of Puerto Rico created the Puerto Rico Maritime Shipping Authority with the definite purpose of stabilizing rates by increasing shipping productivity because no society in the world is as dependent on a shipping lifeline as Puerto Rico.

Evidence of this assertion stems clearly from the fact that in 1973, with a gross Commonwealth product of $6.4 billion, the total external trade of the island — that is, all the goods and services we imported and all the products we shipped out, particularly to the United States — amounted to 131 per cent of gross commonwealth product.

In more simple and human terms, it is estimated that about 95 per cent of everything consumed by the Puerto Rican people in a year is imported.

On the other hand, ocean cargo rates in the Puerto Rico trade have climbed more than 55 per cent over the past two years.

It was with the specific aim of stopping this permanent threat to our economic development and our commerce with the United States that the authority was created.

Our commitment is to accomplish total modernization of our shipping facilities in the next 10 years, which means that we will keep abreast of any further development in this field.

A change in attitude

By Edward J. Heine, Jr.

President, United States Lines, Inc.

A most important and possibly the principal problem facing the American-flag liner operator in the coming years, in my judgment, is the need to effect a change in attitude on the part of our government in its application of anti-trust policies to this industry.

Our industry will continue to have the many benefits of advanced technology. Satisfactory levels of financial support should pose no major problems. Stability in labor-management relations should continue to improve. Lastly, if projected levels of American foreign trade materialize, there will be sufficient amounts of cargo available to support a reasonable level of American-flag tonnage.

However, American operators can not expect to be able to compete for this cargo on an equal footing with foreign-flag operators if they can not pursue appropriate programs of rationalization. The rationalization schemes which have been devised by our foreign counterparts and which have received approval of our Federal Maritime Commission and the tacit blessing of our Justice Department continue to proliferate at an accelerating pace. In fact, in recent months, substantial structural changes in earlier approved rationalization plans among foreign-flag opera-

tors have been implemented without as much as a notice in the Federal Register.

The Merchant Marine Act of 1936 was designed to put the American-flag operator on "parity" with his foreign competition. At that time, the principal inequities related to foreign cost differentials in the construction of vessels and also in wages, insurance and repair costs in the operation of vessels. While these differentials continue to exist to a degree, American technological advances coupled with increased foreign costs have tended to narrow the difference. The free-wheeling ability of foreign-flag lines, however, to adopt to all types of rationalization plans, ranging from outright mergers, to consortia, to pooling agreements, has totally negated the ability of the American operator to achieve parity.

Under the originally enacted subsidy programs, the American operator had a reasonable chance to identify specific cost differentials which placed him at a disadvantage. Today he is in the dark. There is no way to measure the many benefits and advantages which his foreign competitor achieves through the various rationalization schemes. The American operator must be given the opportunity to meet his foreign competition by being allowed to pursue similar rationalization plans with some degree of flexibility.

Our government, in particular our Justice Department, must be made to recognize this need so that the still valid purposes and policies of the Merchant Marine Act can be maintained. Failure on the part of our government to understand this principle, in my opinion, will have drastic and adverse impact on our liner industry.

A tractor-trailer rolls aboard the SS Fortaleza in Baltimore. The roll-on, roll-off ship is part of the Transamerican Trailer Transport fleet operating between U.S. East Coast and Puerto Rico.

Energy and speed

By Peter A. Holzer
President, Transamerican Trailer Transport, Inc.

As our earth continually shrinks, and as all forms of communication continue to be instrumental in hastening the process, ocean transport will have to take an increasingly active role in its own development if it is, at the very least, to hold its own as a competitive force in the ever more important field of international transport.

Speed, cargo carrying innovations and new methods of energy conservation must be the key guiding motivations for the next 25 years in the American Merchant Marine.

The dying American Merchant Marine has experienced revitalization recently due to great strides in the first two concepts. Roll-on, roll-off, containerization and LASH have brought the American flag back to a position of prominence on the high seas. Especially in the case of the first two, high speed has been an American innovation and has helped in the resurgence of our flag as a bona fide competitor in all lanes of the high seas.

The importance of time merely as a cost factor, as well as a marketing tool, will increase as values increase and as the diminishing horizon of new markets forces all supply centers to sharpen their competitive weapons. Vessels will become much longer, much faster and will have greater ability to carry even wider varieties of cargo in a pre-packed environment.

Increased and more sophisticated innovations must come in the areas of loading and unloading since the operational cost of these great leviathans will be such that nothing but the briefest periods in port for full loading and discharging cycle will be tolerable economically.

Aside from the need to achieve utmost efficiency in vessel turn-around because of huge capital carrying charges, the cost of vessel speed itself cannot be spent for naught owing to congestion at terminals. Therefore, the interface between vessel, terminal and points inland will have to be integrated to achieve the smooth flow required.

Finally, the greatest innovation of all must come in the development of the high speed of vessels at a more economical rate of fuel usage.

Speed is here. Even greater speed is on the way. We must develop new economical forms of energy, readily available, in reasonable delivery periods as well as ways of getting more ton-miles per unit of fuel used.

To achieve these ends, a strong working relationship between government — more specifically the Navy and the Department of Transportation — and private enterprise will be needed so that the development of a more economic propulsion system can be accomplished at lesser cost to private industry; and so that a standardized propulsion system can be evolved with resultant savings to each segment of the industry with reduced delivery time. Tomorrow's commercial vessels will be no less fast and no less sophisticated than our naval vessels.

With the huge cost of fuel and the threat of scarcity in the near future, and taking into consideration the inevitable coming of greater fuel consuming vessels, this partnership between government and industry to develop new propulsion systems equally beneficial to and useable by both, looms in my mind as one of the single most important objectives of the 1970s.

Unions Build on Past

Look back, and ahead

By Shannon J. Wall
President, National Maritime Union

Time and again since this century began, the United States has had to be reminded forcefully of the crucial importance of ships to our economic and strategic interests.

In two world wars, in Korea and Vietnam and in several non-military emergencies which tested our strength and capacity for world leadership we found ourselves initially at a great disadvantage because we had allowed our merchant marine and shipbuilding capacity to deteriorate.

We came through every time, at greatly added cost in life and money and by dint of great enterprise, skill and courage on the part of the people of the maritime industry. But, as soon as each emergency was over, the nation permitted its transport capacity again to deteriorate while fleets of other nations fattened on our commerce.

Despite the near-miracles achieved by the American merchant marine in the periods of emergency, the first 70 years of this century must be called an era of decline as far as our maritime industry is concerned. They were years in which our nation tried to turn its back on the maritime traditions so important to our birth and growth of a nation.

There were efforts, it is true, to reaffirm our maritime traditions by statute — notably the 1936 Merchant Marine Act — but the record shows that it was only under the pressure of extreme national emergency that we were able to rouse ourselves to restoring our maritime industry to adequate strength.

A few years ago, we enacted the Merchant

Use 4th Arm of Defense in peace

By Paul Hall
President, Seafarers International Union, AFL-CIO and President, Maritime Trades Dept., AFL-CIO

One of the challenges confronting the U.S. Merchant Marine is improving the relationship between the privately owned merchant fleet and the nation's military forces.

In the past, this working relationship, when it existed, was predicated solely on demands thrust upon our nation by war. However, because the privately owned fleet was not used for peacetime military support activities, the merchant marine proved inadequate to handle the immediate demands of major logistical support. The effect of this peacetime neglect was evidenced by the need to quickly build and refit ships for World War II, Korea and Vietnam.

At this critical time in our nation's history it is imperative that we act to improve this relationship. And, by improving the relationship, I mean the increased utilization of the privately owned merchant marine as an auxiliary of the United States Navy.

In February 1972, a new phase of interdependence between the Navy and the civilian merchant

Marine Act of 1970 with the objective of revitalizing the 1936 Act. It has provided some stimulus in certain areas and the maritime industry may move into the last quarter of the century with something of an upward thrust.

But much more will have to be done if we are to make the U.S. Merchant Marine equal to our country's economic, political and strategic responsibilities in the last quarter of this century.

We are the world's greatest producing and trading nation; we have a growing need of raw materials from other countries; we are the leader of the free world. And we are, in an almost literal sense, an island nation.

It is not just a fancy phrase when we say ships — and skilled loyal seamen to sail them—are America's lifeline. It is difficult to see how we can continue to rank sixth among the world's merchant fleets — or even third or fourth — and maintain our position as world leader through the last quarter of the 20th century.

If the U.S. Merchant Marine is to achieve the strength, versatility and productive capacity it should have, a continuing national effort akin to what we have done in time of critical emergency will be needed. Hopefully we will not wait for the same kind of emergency because there surely will not be time to mount such an effort under such conditions.

The unity of labor, management and government in the maritime industry, which has been developing in recent years with such good results, will have to be greatly strengthened and committed to long range programs in the national interest. Lawmakers and government administrators will have to recognize the kind of support an adequate merchant marine requires and the kind of national dividends it can provide. Such programs will depend upon greater public understanding of the role ships play in the daily lives of our people and the future of our nation.

marine began. The program tested ability of a civilian manned, privately owned tanker to refuel U.S. and allied warships in simulated combat exercises in the Atlantic Ocean and Caribbean Sea. This experiment was an unqualified success, with the tanker crew earning the praise of participating naval commanders for "exceptional professionalism."

Yet, despite the overwhelming evidence from all such experiments which point to the civilian merchant marine's ability to function in a peacetime support role, something went awry. These experiments have not been followed by across-the-board implementation by the military. Rather, as the various tests end, so does the support role of the vessels.

This situation is not good for the military, the civilian merchant marine or the nation.

As our government looks to curb federal spending, and specifically to hold down defense spending, it would be extremely advantageous to our national security if the Navy concentrated its limited budgetary funds on combatant type ships. There is no reason for the Navy to use its funds for non-combat type vessels when it has been proven that privately owned commercial vessels have the ability to perform in a support role.

As a corollary, the employment of the privately owned vessels in supporting naval ships would result in the development of an efficient logistical system manned by highly trained civilian personnel. Such a system would be of immeasurable value in time of a major military conflict or a national emergency.

Equally important, the privately owned merchant marine, the nation's Fourth Arm of Defense, would for the first time in recent history, be capable of meeting immediate demands of war without the massive emergency rebuilding program that accompanied the outbreak of past hostilities.

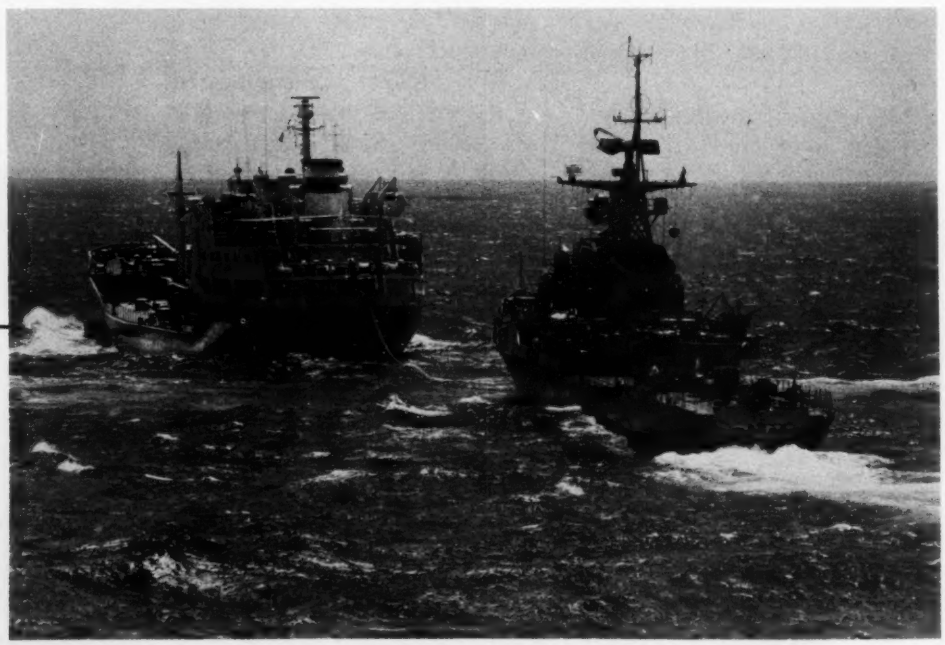
All we need to accomplish this goal is the will to do so. The privately owned fleet has the ships ready to serve. The Navy has an ever increasing need for logistic support vessels. It is time for past practices to be cast aside to the benefit of the entire nation.

Is the USSR Behind

By Norman Polmar
U.S. Editor, *Jane's Fighting Ships*

One of the more mundane aspects of naval capability is fleet support, primarily providing the beans, bullets and black oil to warships operating in overseas areas. In this category the U.S. Navy is generally considered the world leader with ships such as the Sacramento-class fast combat support ships. These are 53,600-ton support ships that can transfer their 177,000 barrels of petroleum, oil and lubricant products as well as munitions and stores by alongside, underway replenishment (UNREP), with embarked helicopters also lifting stores and munitions.

In all, the U.S. Navy has some 55 UNREP ships, five operated by Military Sealift Command, plus 28 large tenders and repair ships. Backing up these fleet auxiliaries are the four Polaris supply ships and 19 tankers operated by MSC, for a total of 106 ships. The number of Soviet Navy ships in these categories is about 75, according to a recent statement by the chairman of the U.S. Joint Chiefs of Staff.



Soviet "Riga" class destroyer receives fuel from Soviet merchant tanker using the traditional Russian method of astern refueling.

or Ahead?

However, with the U.S. Navy ships being generally larger, and having more sophisticated UNREP equipment, the U.S. capability for supporting naval operations generally is credited as far superior to that of the Soviet Navy. The typical perception of the Soviet Navy's support operations is that of a merchant tanker, barely having steerage way, with a single, narrow-diameter fuel line run over the stern to a warship drifting a few hundred yards away.

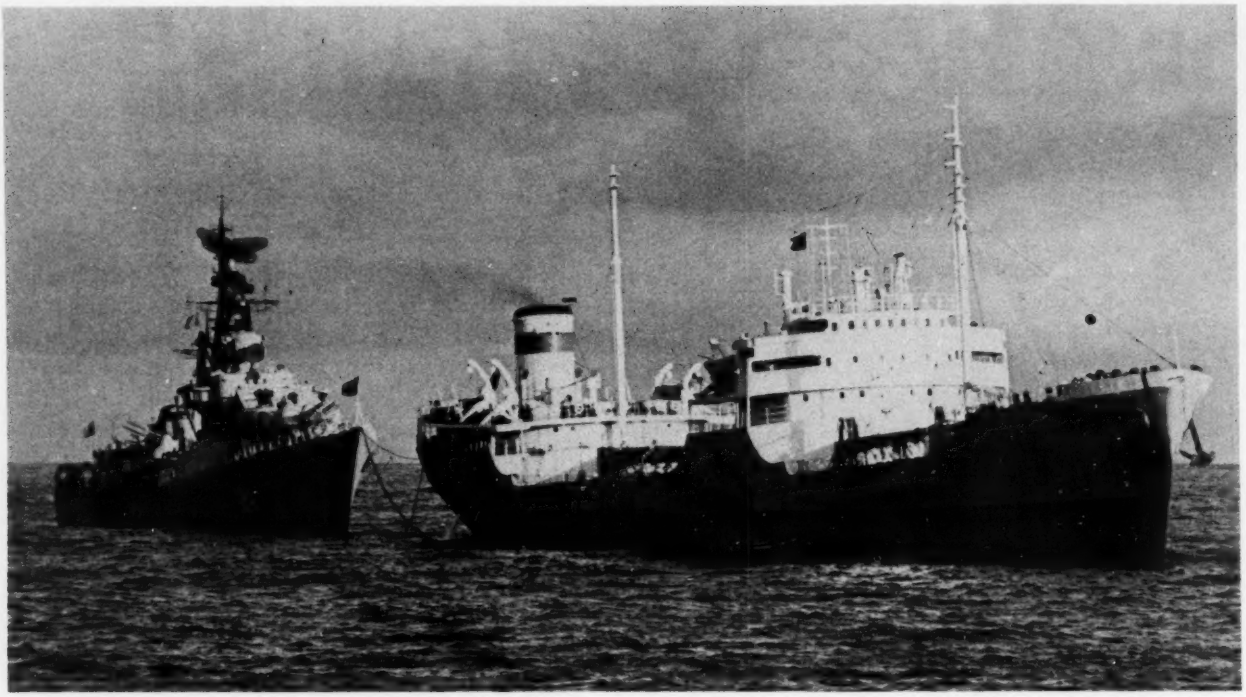
This image appears to be changing. In 1971 the Soviets completed their first modern UNREP ship, the Boris Chilikin. Based on a merchant tanker design, the Chilikin is rated at 531 1/2 feet overall and displaces 22,500 tons full load. Although smaller than her American contemporaries, the 16-knot Chilikin is a high-capability ship and has been observed simultaneously replenishing a Moskva-class helicopter carrier on one side and another warship on the other. The Chilikin lacks the speed, carrying capacity, and helicopter decks of the more modern UNREP ships of Western navies, especially the U.S. Navy's newer ships of this type. Still, the Chilikin marks a significant step in the Soviet Navy's ability to support a far-ranging naval force.

Two additional ships of the Chilikin type are now in service as well as the smaller Manych. This ship, about 8,000 tons full load, also is configured for UNREP operations but has apparently not entered series production.

Although these ships comprise a small portion of the Soviet Navy's estimated 25 oilers, they are an interesting indication of Soviet trends and interests. Additional modern Russian UNREP ships can be expected to go to sea during the coming years.

Most of the Soviet afloat support in remote areas still appears to come from merchant ships. Whereas the U.S. Navy conducted the first major post-World War II replenishment of warships with a merchant tanker in 1972 (Charger Log test conducted in February and March 1972 employing the MSC

Soviet fleet oiler Boris Chilikin.



Soviet merchant oiler Zhitomir refuels a Soviet 4,000-ton "Krupny" class destroyer at anchor near Hawaii.

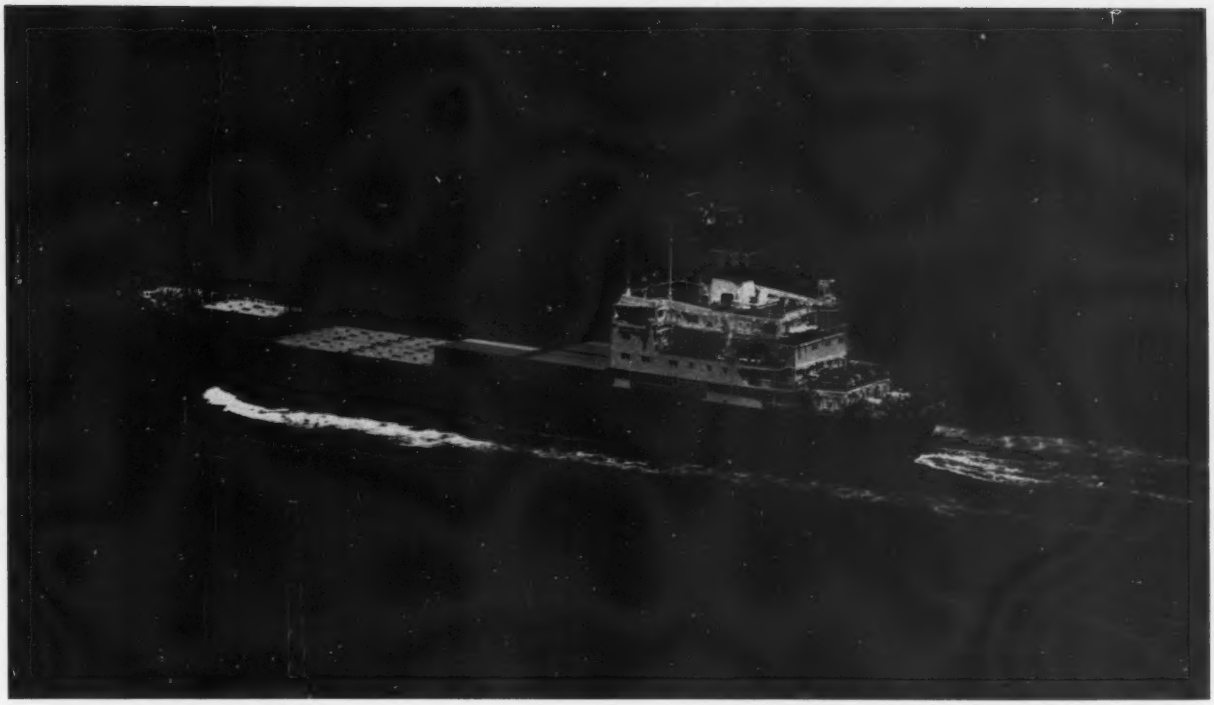
chartered tanker SS Erna Elizabeth), the Soviets have long conducted such operations. On a day-to-day basis Soviet merchant tankers, and on occasion other ships, replenish surface warships, naval auxiliaries, and even submarines.

The Soviet merchant marine currently numbers an estimated 2,300 ships with a carrying capacity of about 16.8 million tons. (This compares to a U.S. merchant fleet of some 580 ships with a 13.8-million-ton capacity.) These ships are well suited for UNREP operations in comparison with the larger, supertanker-size ships operated in the West. More significant are the subordination of Soviet tankers to centralized government control, their ability to have secure communications, and the number of merchant officers who are naval reservists.

Although these merchant tankers carry less fuel than most U.S. commercial tankers and naval oilers, the Soviet Navy's ship types and their operations differ significantly from those of the U.S. Navy. Accordingly, UNREP requirements differ in the two navies.

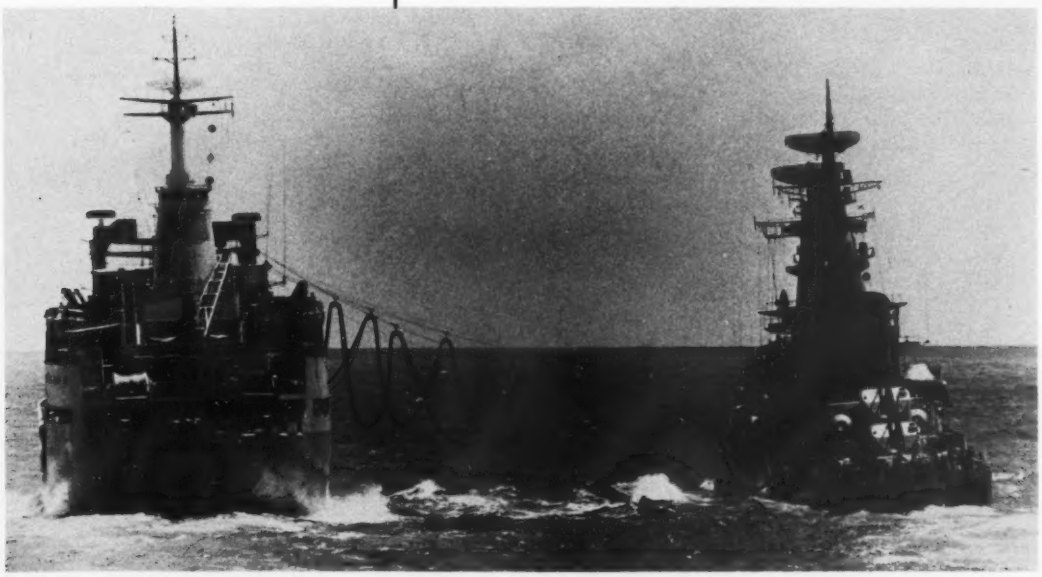
Beyond replenishment, the Soviet Navy operates several hundred cargo ships and tankers which are considered capable of amphibious lift. These ships have speeds in excess of 14 knots. The cargo ships have heavy lift booms and large cargo hatches as well as other features which make them suitable for carrying troops and military equipment. It is anticipated that under certain conditions these ships would supplement the Soviet Navy's 100 specialized amphibious ships which can now carry some 10,000 assault troops.

Thus, the auxiliaries of the Soviet Navy and the growing Soviet merchant marine provide integrated and effective support to the Soviet Navy's increasing overseas operations. ⚓



Soviet container ship Aleksandr Fadeyev.

A sister ship to the Soviet fleet oiler Chilikin passes fuel to a "Kynda" class destroyer in Hawaiian waters.



Change Of Command:

Rear Adm. John D. Chase, outgoing commander of Military Sealift Command, addresses assembled dignitaries and guests from the fantail of USNS Kane during change of command ceremonies at the Washington Navy Yard January 10.

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